

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 64 - SB 245

February 3, 2013

SUMMARY OF BILL: Effective January 1, 2014, decreases from 6.50 percent to 6.25 percent, the rate of excise tax imposed on net earnings or a gain from a sale of assets.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – \$504,600/FY13-14
\$50,461,538/FY14-15 and Subsequent Years**

Assumptions:

- The current Fiscal Review Committee estimate for excise tax collections for FY13-14 is \$1,312,000,000.
- Taxable net earnings or gains from sales of assets in FY13-14 are estimated to be \$20,184,615,385 (\$1,312,000,000 / 6.50%). This number is assumed to remain constant into perpetuity.
- The recurring decrease in excise tax collections is estimated to be approximately \$50,461,538 (\$20,184,615,385 x 0.25% rate reduction).
- According to the Department of Revenue, approximately one percent of taxpayers will close their taxable year after January 1, 2014 and be required to make a tax payment prior to June 30, 2014.
- As a result, the first-year (FY13-14) impact is estimated to be one percent of the estimated recurring impact. Therefore, the decrease in excise tax collections for FY13-14 is estimated to be \$504,615 (\$50,461,538 x 1.0%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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